

CWM TAF MORGANNWG UNIVERSITY HEALTH BOARD MONITORING RETURNS – November 2020 FINANCIAL COMMENTARY

Introduction

These returns outline the financial position for Cwm Taf Morgannwg (CTM) UHB for the period ended 30 November 2020.

The tables attached to this commentary **do not** include the income, expenditure and balances of the Welsh Health Specialised Services Committee (WHSSC) or the Emergency Ambulance Services Committee (EASC) which is being financially managed via WHSSC. They do however include the Cwm Taf element of transactions between the parties.

The financial position reported within this monitoring return is consistent with the information being provided to the Board. The M8 Financial Monitoring Return (consisting of the Narrative, Table A, TableA2 and Table B3) will be reported to the next meeting of the Planning, Performance and Finance Committee on 21 December.

1. Financial Plan, Year to Date and Forecast position

Financial Plan for 2020/21

The CTM IMTP for 2020/21 – 2022/23 was approved by the Board on 26 March 2020. Key points to note include:

- The Welsh Government indicated that it was supportive of the Health Board assuming £5m bridging funding from the WG in 2020/21.
- During 20/21 the Transformation Team at WG confirmed their agreement to re-profile £4.5m of our Transformation funding between 2019/20 and 2020/21.
- The Health Board has already received £3.5m of funding for TI support in 2020/21.

An updated position on these three items is provided in the Forecast section below.

Month 8 - Actual Position

The Health Board is reporting a M8 surplus of £2.3m and a YTD surplus of £2.9m.

Month 8 - Forecast position (Table A)

The Health Board is continuing to forecast a break-even position for 20/21 (M7: break-even).

The M6 Monitoring return included an uncommitted balance of £19.2m pending further discussions with WG. Following the submission of the Q3/Q4 Plan and a finance review meeting with WG and FDU colleagues, the following changes were reflected in the M7 Monitoring return submission:

	Q3/Q4 Plan	M7 update
	£m	
Transformation funding	4.5	Previous assumed allocation now removed .
Bridging funding	5.0	Previous assumed allocation now removed
Proposals for early repayment and deferral of I2S funding.	5.0	Proposed draft allocation adjustment to return funding of £6.7m.
Proposals for Revenue to Capital transfers.	3.0	The £9.7m in the Q3/Q4 plan has been reduced by £3m to reflect the reduced allocation of £1.8m for UEC proposals.
Proposed carry forward of TI funding	1.7	(Q3/Q4 Plan : £4.8m)
Total	19.2	

A summary of the latest M8 forecast position is provided below:

	M8	M7
IMTP / Annual Operating Plan	£m	£m
Additional In Year Identified Savings - Forecast (Positive Value)	(10.4)	(9.9)
Additional In Year Welsh Government Funding Due To Covid-19 (Positive Value)	97.9	94.5
Operational Expenditure Cost Increase Due To Covid-19 (Negative Value)	(80.0)	(78.6)
Planned Operational Expenditure Cost Reduction Due To Covid-19 (Positive Value)	12.2	10.9
Slippage on Planned Investments/Repurposing of Developmental Initiatives Due To Covid-19 (Positive Value)	3.4	3.3
Forecast Outturn attributable to Covid-19 (- Deficit /+ Surplus)	23.2	20.2
Forecast Outturn Non Covid-19 (-Deficit /+ Surplus)	(1.4)	(1.1)

Draft change proposals	0	0
Net cost of Winter plans in excess of funding	(7.0)	(7.0)
Additional accountancy gains	11.3	5.8
Non recurring spend initiatives	(6.2)	(6.2)
Removal of request for Bridging funding- see above	(5.0)	(5.0)
Draft slippage on Q3/Q4 Plan- see above	0	(6.7)
Proposals for early repayment and deferral of I2S funding (confirmed with I2S team).	(3.0)	0
Contingency against potential Prior Year adjustment	(12.0)	0
Total	0	0

The key points to note are as follows:

- The forecast additional accountancy gains in M7 of £5.8m assumed that the Health Board would meet the estimated costs of increasing the annual leave provision by £5.5m in 20/21. As requested by WG, the M8 position assumes that any increase to the annual leave provision will be funded. It is important to note that this is a high level estimate and further work is being undertaken on an All Wales basis to agree a consistent approach and methodology.
- The I2S Team in WG have confirmed final I2S rephrasing with an impact of £3m in 20/21.
- Discussions are ongoing with Audit Wales regarding a potential PYA to the 19/20 Annual accounts. If a PYA is required the Health Board thinks that this risk (circa £13m) can be covered in 20/21 provided our assumptions on WG funding for programme costs and annual leave are correct. If no PYA is required, we will need to agree the level of allocation to be returned to WG with the Board and this is planned to be confirmed before Christmas.
- The Covid: Non Covid distinction is becoming increasingly difficult as the response becomes broader and the Covid, Winter, Essential services response covers most services and cost changes.

Month 8 - Forecast recurrent position (Table A)

The planned recurrent deficit at the end of 20/21 was £13.4m. As at Month 8 we are reporting a forecast recurrent deficit of £26.5m:

	M8	M7
	£m	£m
Planned recurrent deficit	13.4	13.4
Forecast shortfall in recurring savings delivery	13.1	12.5
Initial estimate of the forecast recurrent shortfall in dental patient charge based on the Q4 forecast for 20/21. Removed in M6 as per feedback on M5 MR pending discussion with WG policy colleagues	0	0
M8 Forecast	26.5	25.9

At this stage it is very difficult to estimate the full impact of Covid on the recurrent financial position going into 20/21 and further work is needed to fully understand the impact of Covid 19 and resetting on the underlying cost base. It is however, clear that it will be considerably in excess of £26.5m shown, due to a range of likely ongoing requirements and impacts, including TTP, Covid vaccination, ongoing direct impacts of Covid, and continuation of new interventions to maintain services during Covid and Winter.

The above forecast will be updated as part of our detailed planning for 21/22.

2. Risk Management (Table A2)

The key financial risks and opportunities for 20/21 are noted in Table A2 and are summarised below:

	Opportunity	Risk
	£m	£m
Prior year adjustment – either not required or greater than £12m	(12.0)	3.6
Slippage in delivery of Q3/Q4 plan	(3.0)	
Changes to the Balance sheet assumptions in the Q3/Q4 Plan	TBC	
Potential variation in the estimated 'pass through' costs for PPE, TTP, Mass vaccinations, Flu, Field hospitals , CHC and Annual leave.	(3.0)	3.0

Matched by corresponding adjustment to assumed WG funding	3.0	(3.0)
Whole Community testing in Merthyr- costs TBC but assumed to be funded as part of TTP programme funding	TBC	
Other individual items:		
Securing the assumed recurrent allocation for Prevention funding that was received in 19/20.		1.0
Total	(15.0)	4.6

3. Additional costs due to Covid -19 (Table B3)

A summary of the additional Revenue costs being classified as Covid is provided below.

As noted above, the Covid: Non Covid distinction is becoming increasingly difficult as the response becomes broader and the Covid, Winter, Essential services response covers most services and cost changes.

	Q1	Q2	Q3	Q4	Total
Area of cost impact	£m	£m	£m	£m	£m
Pay	7.3	6.0	8.6	14.2	36.1
Non Pay and Income	10.7	12.0	10.9	10.3	43.9
Impact on savings delivery	4.1	2.2	2.3	1.8	10.4
Operational expenditure reductions	(6.0)	(2.6)	(2.8)	(0.8)	(12.2)
Slippage on planned investments/repurposing of development funding	(1.3)	(0.9)	(0.6)	(0.6)	(3.4)
Sub total	14.8	16.6	18.4	25.0	74.8
WG funding	(10.3)	(21.1)	(18.4)	(48.2)	(80.0)
Total	4.5	(4.5)	(0)	(23.2)	(23.2)

Notes:

1. The additional costs associated with Whole Community Testing in Merthyr are not yet available but it is assumed that these costs will be funded as part of the TTP programme funding.
2. The loss of dental patient charge income in Table B3 is £3,782k (M7 YTD: £3,302k).
3. The CHC allocation of £3.4m received to date is assumed to be sufficient for the full year impact of supporting providers in 2020/21. Further work is being undertaken and an updated forecast will be provided in M9.

Impact on delivery of efficiency savings

The original pre Covid shortfall in projected Savings against the annual target of £20.6m was £4.3m. This was previously incorrectly attributed as relating to Covid but is now being treated as a non- Covid variance. The forecast savings position at M8 is summarised below:

In Year savings	Total	Covid	Non Covid
	£m	£m	£m
Projected savings Pre Covid	20.6	16.3	4.3
Latest forecast savings post Covid	(5.9)	(5.9)	0
Latest forecast savings gap	14.7	10.4	4.3

The latest risk assessment on the amber schemes (£1.1m) within the forecast total savings of £5.9m is £0.3m.

The forecast position assumes that the £4.3m Non Covid savings gap is managed on a non-recurrent basis in 20/21, pending further work on the underlying recurrent position for 21/22:

	20/21 Budget	Forecast spend	Forecast slippage
	£m	£m	£m
Slippage on investment budgets for discretionary investments and Major trauma	1.5	0.8	0.7
Forecast underspends against NR budgets:	4.2	3.1	1.1
Budgets for commitments made in prior years	5.5	3.0	2.5
Total	11.2	6.9	4.3

Recurrent savings	Total	Covid	Non Covid
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	£m	£m	£m
Projected savings Pre Covid	20.6	16.3	4.3
Latest forecast savings post Covid	(7.4)	(7.4)	0
Latest forecast savings gap	13.2	8.9	4.3

The forecast recurrent savings gap of £13.2m has been reflected in the forecast recurrent position (See Section 1 above).

Slippage on planned investments/repurposing of development funding

An assessment of what existing development funding can be slipped or repurposed to help meet costs resulting from Covid-19 is provided below:

	M8	M7
	£m	£m
Transformation allocation for Covid -19	1.3	1.3
Cluster funding for 20-21 (the inclusion of this funding has also seen a corresponding increase in Covid related costs)	1.5	1.5
Mental Health funding for 20/21	1.0	1.0
Other	0.1	0.1
WHSSC Investment Slippage	1.3	1.3
Sub total	4.9	4.9
Reclassified as WG income in M5:		
Transformation allocation for Covid -19	(1.3)	(1.3)
Mental Health funding for 20/21	(0.5)	(0.5)
Total	3.4	3.4

4. Net Expenditure Profile Analysis (Table B)

The most significant movements within Table B relate to:

- Primary Care Contractors decreased by £0.8m – The M8 forecast overstated the impact of the DDRB being applied in M8.
- Primary Care Drugs decreased by £0.5m following change in timing for the anticipated impact of extended Flu.
- Pay has decreased by £0.8m following lower than anticipated increases for COVID.
- Non Pay has decreased by £4.3m. This is mainly as a result of accountancy gains being released in M8 of £2.4m together with delays in IPC works of £0.4m and lower than anticipated expenditure being reported.

- CHC decreased by £0.5m following lower than anticipated placements in Nursing Homes.
- Private & Voluntary Services reduced by £0.5m following a change in timing assumptions.
- Other NHS increased by £1.1m following receipt of WHSSC allocations.

The most significant movement on the forecast full year expenditure relates to:

- Pay increased by £2.9m following inclusion of £5.5m impact upon the annual leave carry forward provision less revised payroll forecast.
- Other NHS increased by £1.7m to recognise new allocations for WHSSC.
- CHC decreased by £3.7m recognising lower than anticipated impact COVID support to providers of £2.5m and reduction in the volume of placement.

Future periods have been updated and profiled in line with our best estimates. There continues to be a high level of uncertainty regarding some of the estimated Covid-19 costs for future periods and these risks/opportunities have been captured in Table A2.

5. Ring Fenced Allocations (Tables N&O)

The Health Board can confirm that there are no concerns at M8 on any ring-fenced budgets.

6. Saving Plans (Tables C, C1, C2, C3)

Please see Section 3 above.

7. Welsh NHS I&E Assumptions 2020/21 (Tables D & E)

Table D has been completed and agreed with other organisations. The financial plan also includes provision for additional costs arising from the WRP risk sharing arrangement of £1.6m which is consistent with the information provided by NWSSP. This provision has been included in Table D.

Table E shows the anticipated allocations assumed within our M8 position.

The Health Board can confirm that all LTA documents have been signed by both parties.

8. Balance Sheet & Aged Welsh NHS Debtors (Tables F, M)

Receivables have increased by £15m to month 8 which relates mainly to the movement in WRP debtors. The increase in payables of £15m represents the increase in the month 8 Pension/HMRC creditor. This had been part paid in month 12 2019-20.

There was one invoice greater than 11 weeks old outstanding at the 30th November 2020. Payment has now been received.

9. Cash Flow Forecast (Table G)

The cash flow forecast is currently showing a forecast surplus of £14m in M12 (£15m Revenue and £(1.0)m Capital). It is anticipated that £1.0m cash support will be required to cover the movement in Capital creditors.

Of the £2.3m anticipated reimbursement from the WRP in November only £0.3m was received. The Revenue forecast includes an anticipated reimbursement of £10m in February and assumes that the remaining outstanding WRP debtors of approximately £22m will be received early in 2021-22. We are continuing to work closely with the WRP to establish the profile of the receipts for the remaining balance, and will continue to update the cashflow when further details are available.

Please see section 1 above regarding the need for a potential PYA. If a PYA is required, we are anticipating no change to the cashflow forecast. If a PYA is not required, we will need to agree the level of resource allocation and cash to be returned to WG with the Board and this is planned to be confirmed before Christmas.

10. Public Sector Payment Compliance (Table H)

Not required for this return.

11. Agency Expenditure (Table B2)

M8 agency expenditure was £3.8m and the monthly trend is summarised below.

	M08	M07	M06	M05	M04	M03	M02	M01
	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£m
Medical	1.10	1.20	1.28	1.35	1.44	1.41	1.30	1.40
Nursing	2.00	1.75	2.04	1.23	1.28	1.59	2.26	1.41
Other	0.70	0.55	(0.04)	0.50	0.59	0.40	0.23	0.46
Total	3.80	3.50	3.26	3.08	3.31	3.40	3.80	3.27

12. Capital Schemes and Other Developments (Tables I &K)

The M8 CRL as issued on the 4th December is £44.1m and, as at M8, £22.6m has been charged against the CRL.

The total Covid related funding expected in 2020/21 is 10.6m (£4.2m has not yet been received and is shown as an anticipated allocation in Table E). Further details on £10.3m of this is provided within the separate return. The difference of £0.3m relates to the replacement of the CT scanner at POW. These costs are now being incurred and represent an over spend against the approved WG allocation. Returns in line with NWSSP-SES requirements have been made confirming these as final costs. As a result this sum has been included as an anticipated allocation in Table E. There are Covid impacts on other AWCP schemes however as agreed with WG these will be discussed further when these schemes are nearer completion.

The M8 cumulative expenditure position for Covid is again lower than forecast, this is largely due to some delays in a large ICT order that has been placed to support the further mobilisation of home and agile working. All steps are being taken to ensure increased expenditure during M09 and the aim is to complete the majority of schemes and receive most equipment and ICT by January. However, there could be a few delays in some areas due to shortages in supply chains. This is being kept under close review and there remains a high level of confidence that despite these delays the profiled and reported outturn position will be delivered within this financial year.

The risk ratings of all schemes have been reviewed and there are 4 schemes which are considered to be medium or high risk as per the table below. The risks described below cover the risk of current year slippage but also additional costs which have not yet been funded.

Scheme	Risk Rating	Potential Risk Value £m	Description
PCH G&FF Phase 2	Medium		Scheme started on site on 30 th November with significant spend forecast in Q4. There are no specific issues identified with the spend however there is a significant amount of spend in a relatively short period of time and hence with the unpredictability of the COVID impact this is recognised as a medium risk.

EDRMS & Digitisation (I2S)	Medium	0.2m	The scheme does not yet have a confirmed go live date and hence the profile of spend is at risk until this is agreed. It is however anticipated that the WG element of the allocation would be spent by year end and so the risk sits within discretionary capital.
CT Scanner	High	0.26m awaiting funding	The scheme completed in September with £0.26m of additional costs related to COVID 19. As mentioned above the COVID 19 costs have been included as an anticipated allocation. The other element of overspend on the scheme has been funded from the Health Boards discretionary capital.
COVID 19	High	3.9m	Through a number of returns and discussions WG have been regularly updated on the COVID 19 spend to date and forecast for the year. No concerns have been raised and it is assumed these costs will be funded in full and no allowance has been made to cover any of this amount from discretionary capital. This has been classed as a high risk to the programme given a significant amount of this has already been spent but there has not been any formal funding approval. Note value of risk has reduced following tranche 4 of funding received in November

The performance to date shows a £2.1m underspend to plan which in the main relates to the COVID spend as described above.

The Health Board is reporting a forecast break even position overall assuming all COVID related expenditure is funded by Welsh Government as per the anticipated allocations included in Table E.

Updated non-cash estimates were provided to WG on the 2nd November and these have been reflected in the relevant tables. Any changes to these estimates will be reported as they are known and also through the monitoring returns as requested

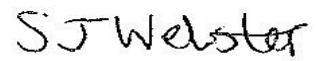
There have been a small amount (£31k) of equipment items disposed so far during 2020-21.

13. Other Issues

14. Authorisation

A handwritten signature in black ink, appearing to be 'P Mears', with a long, sweeping underline.

P Mears
Chief Executive

A handwritten signature in black ink, appearing to be 'S Webster', written in a cursive style.

S Webster
Director of Finance

Date: 11th December

Action Points arising from Month 7 Response

Action Point	WG Comment	CTM Response
7.1	<p>This breakeven position is displayed as a c. £20.200m Covid-19 funding surplus which is being offset by the following operational items:</p> <ol style="list-style-type: none"> 1) Winter plans and non-recurring expenditure - £8.500m 2) Impact of the removal of previously assumed Bridging Funding - £5.000m 3) Q3/Q4 plan slippage funding to be returned to WG - £6.700m <p>Further clarity is being sought because it appears that a number of material key items have been netted off in arriving at the above items. There is also a lack of evidence to support the existence of these pressures and issues with the correct distinction between Covid and Operational issues. It is important that you take satisfactory action in advance of the Month 8 submission deadline, to correctly complete the Monitoring Return Tables in line with the guidance, ensuring all issues are reported Gross and that you meet the open and transparent reporting expectations. I acknowledge that your submission references discussions between your Chief Executive and Dr Andrew Goodall. A formal Accountable Officer letter will still be required, if the intention of Board is to propose alternative utilisation of this Covid-19 funding or, declares the full return of the surplus.</p>	<p>Noted.</p> <p>An updated summary position is included in Section 1. We are aware that a formal Accountable Officer letter will be required if we need to return any funding to WG, which is dependant on the outcome of discussions with AW regarding the need for a potential prior year adjustment.</p> <p>We consider that our completion of the Monitoring Return tables is in line with the guidance and that we fully meet the open and transparent reporting expectations.</p>
7.2a	<p>Movement of Opening Financial Plan to Forecast Outturn (Table A)</p> <p>Following on from the items referenced above, which are all being phased into March, please provide responses to the following:</p> <ul style="list-style-type: none"> • Winter Plans and non recurring expenditure - £8.500m: It has been indicated that this is a net figure incorporating a benefit arising from additional Accountancy Gains, a pressure resulting from the increased Annual Leave Accrual due to Covid and a pressure resulting from additional spend on Winter Plans. Please provide a comprehensive analysis of the items which constitute this value and provide sufficient assurance that the Gross value of Winter Plan costs are robust and will be incurred. 	<p>The accountancy gain assumptions at M8 of £11.3m have been shown on line 18, with £2.4m recognised in M8 and the balance in M12 pending further discussions with Audit Wales.</p> <p>The winter plans of £8.5m at M8 have detailed plans and monitoring processes in place with our Locality Groups.</p>

7.2b	<ul style="list-style-type: none"> Removal of assumed Bridging Funding - £5.000m: Please confirm that the original associated expenditure areas which initially required this level of funding, are still be incurred to this value. 	The Bridging funding was to support the cost base inherited from the Bridgend Transfer. These costs continue to be incurred by the HB.
7.3a	<p>Your narrative confirms that the above 'Winter Plan and non recurring expenditure' value is net of an extra release (Accountancy Gains) from the SoFP totalling £5.8m, this value is also net of the impact of the increased Annual Leave Accrual due to Covid although this is not specifically quantified. The following action must be taken before Month 8:</p> <ul style="list-style-type: none"> All Accountancy Gain releases must be reported Gross and included within the Tracker (C3). Sufficient details must be included in the Tracker, to explain what these relate to. The profile must also comply with the guidance. 	Actioned. See comment in 7.2a.
7.3b	<ul style="list-style-type: none"> I can confirm that the cost impact of any increase in the Annual Leave Accrual due to Covid, must be recorded Gross in the Covid Table (B3) on free text line 52 within the Pay section. A sufficiently detailed and quantified analysis must also be provided in the narrative to support the categories (lines) and profile of where these costs are recorded in Table B2 (Pay Analysis), along with confirmation of your methodology and when the value will be fixed (if not already). 	<p>Actioned.</p> <p>Please see Section 1. The £5.5m increase is a high level estimate pending further work via DDOFs and TAG to agree a consistent approach/methodology across NHS Wales.</p>
7.3c	<ul style="list-style-type: none"> If required, you may also anticipate a corresponding WG Covid Allocation to offset the impact of increased Annual Leave Accrual due to Covid costs. If the Health Board chooses to mitigate these costs without the need for additional WG Covid funding, then you must confirm if you have utilised the existing WG Covid Stability Allocation or, if the source of that mitigation is an operational item (i.e. Accountancy Gains). Your narrative should then confirm how this has been treated\recorded in your submission (i.e. a Gross Operational surplus which offsets a Covid pressure, or the Operational benefit (e.g. AG) has been recorded on Table B3 (section C) to mitigate the Covid pressure and that you have removed the double count of the benefit on Table A. 	Actioned – Anticiapted allocation has been recognised.

1.1	<p>As repeatedly requested, please ensure that all Accountancy Gains are separately listed by type of release (i.e. Non NHS creditors relating to 'x', CHC, Payroll creditors etc.) on the Savings Tracker (Table C3). I also wish to refer to the below guidance regarding the phasing of the identified accountancy gains:</p> <p><i>Accountancy Gains assumed in the forecast outturn position must be released into the year to date position by Month 6 (due in October). Therefore, planned Accountancy Gains must not be profiled in Months 7 to 12. The only exception being, when the release of the gain is dependent on a future event such as an Audit Committee. In such cases, this must be adequately described in the narrative and the profile of release matched to the timing of the event. Any new Accountancy Gains identified after this deadline, must be released into the same period when they are first reported as forming part of your outturn position. E.G. New Accountancy Gains reported in Table A at Month 9, must be phased into the December in-month position. If these are also dependent on a future event, such as an audit committee, then they should not form part of your outturn until that has taken place (instead, these should be recorded as opportunities in Table A2).</i></p>	<p>The HB is in detailed discussions with Audit Wales on the impact of accountancy gains.</p> <p>As soon as the agreement is reached upon the correct treatment this will be updated in the Monitoring Returns.</p> <p>As at M8, the following gains have been recognised:</p> <p>£2.4m Non NHS Creditors - goods received not invoiced. £1.5m CHC placements not invoiced. £0.4m Payroll Creditors £2.3m Non NHS Accruals</p>
7.4	<p>At Month 6, you reported a financial benefit of £4.000m relating to Transformation funding slippage. This item has been removed from Table A at Month 7 yet I note that your total anticipated funding amount for Transformation has reduced by £2.900m (Re: 'Transformation Slippage 19/20'). Please confirm how the variance of £1.100m, which you previously stated was a benefit, is now treated in your submission.</p>	<p>The core 20/21 allocation for Transformation was £12.1m. The initial amount of slippage carried over from 19/20 was £2.9m. This was subsequently increased by £1.1m and £0.5m to £4.5m. From M7 we have assumed an allocation of £4.5m to return this funding to WG so we are only assuming the core allocation of £12.1m</p>
6.2b	<p>As stated within your response to Action Point 6.2b; please ensure the Urgent Emergency Care Funds (Emergency Primary Care\Discharge to Assess\Ambulatory Care), which are Covid-19 related items are reported on Line 22 of Table A with the corresponding spend reported in Table B3 at Month 8.</p>	<p>The UEC funding has been recognised as part of our winter plans and is currently not included in Table</p>

		B3 at M8.This information will be provided in M9.																												
6.5	<p>Monthly Positions (Table B)</p> <ul style="list-style-type: none">I refer to your response to Action Point 6.5 where you confirm that you forecast to the nearest £100k in areas of high expenditure and volatility, hence the rounded high level values being reported in future months (except for March). Although this approach is understandable when first reporting a new area of expenditure as data is being refined; the expectation is that a more robust and granular approach is taken thereafter. Given that the next reporting period is Month 8, please review this approach and refine future monthly income and expenditure profiles.	Noted.																												
7.5	<ul style="list-style-type: none">Related to the above concern, your narrative confirms that non pay expenditure in Month 7 is £3.600m higher than forecast last month, and you state this is <i>‘mainly as a result of lower than anticipated expenditure in M6 now being reported’</i>. Please provide details of the corresponding expenditure items that were under estimated.	<p>There are numerous items, the table below shows a high level impact by the most significant Non Pay Category:</p> <table><tr><td></td><td>Aug £m</td><td>Sept £m</td><td>Oct £m</td></tr><tr><td>CLINICAL SERVICE & SUPPLIES</td><td>2.90</td><td>0.90</td><td>3.9</td></tr><tr><td>ESTABLISHMENT EXPENSES</td><td>0.90</td><td>0.80</td><td>1.7</td></tr><tr><td>GENERAL SUPPLIES & SERVICES</td><td>0.90</td><td>0.20</td><td>0.9</td></tr></table>		Aug £m	Sept £m	Oct £m	CLINICAL SERVICE & SUPPLIES	2.90	0.90	3.9	ESTABLISHMENT EXPENSES	0.90	0.80	1.7	GENERAL SUPPLIES & SERVICES	0.90	0.20	0.9												
	Aug £m	Sept £m	Oct £m																											
CLINICAL SERVICE & SUPPLIES	2.90	0.90	3.9																											
ESTABLISHMENT EXPENSES	0.90	0.80	1.7																											
GENERAL SUPPLIES & SERVICES	0.90	0.20	0.9																											
7.6	<ul style="list-style-type: none">Please provide supporting explanations for the below material movements in annual projected expenditure: <table><tr><td></td><td></td><td>Month 7</td><td>Month 6</td></tr><tr><td></td><td></td><td>£000</td><td>£000</td></tr><tr><td>Movement</td><td></td><td></td><td></td></tr><tr><td>£000 Primary Care Contractor</td><td></td><td></td><td>147,979</td></tr><tr><td>144,659</td><td>3,320</td><td>Primary Care - Drugs & Appliances</td><td></td></tr><tr><td>94,915</td><td>97,315</td><td>(2,400) Provider Services - Non Pay (excluding drugs & depreciation)</td><td></td></tr><tr><td>115,246</td><td>112,347</td><td>2,899</td><td></td></tr></table>			Month 7	Month 6			£000	£000	Movement				£000 Primary Care Contractor			147,979	144,659	3,320	Primary Care - Drugs & Appliances		94,915	97,315	(2,400) Provider Services - Non Pay (excluding drugs & depreciation)		115,246	112,347	2,899		<p>The movements are:</p> <p>PC Contractors – DDRB uplifts PC Drugs – Change in assumption on Flu Vaccine and updated actual data. Non Pay – Additional IPC works and capital to revenue adjustments</p>
		Month 7	Month 6																											
		£000	£000																											
Movement																														
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115,246	112,347	2,899																												

4.3	<ul style="list-style-type: none">Please provide details to support the Targeted Intervention reserve spend (Section E) being phased into March, as it is assumed that this would have been incurred during the year as opposed to fully in March.	Actioned																																																							
7.7	<p>Pay expenditure Analysis (Table B2)</p> <ul style="list-style-type: none">Please provide supporting explanations for the below material ‘operational’ increase movements in annual projected pay expenditure <table><tr><td></td><td>Month 7</td><td>Month 6</td><td></td><td></td></tr><tr><td>Movement Split</td><td></td><td></td><td></td><td></td></tr><tr><td></td><td>Forecast year-end</td><td>Forecast year-end</td><td>Movement</td><td>C-19</td></tr><tr><td>Operational</td><td></td><td></td><td></td><td></td></tr><tr><td></td><td>Position</td><td>Position</td><td></td><td></td></tr><tr><td></td><td>£'000</td><td>£'000</td><td>£'000</td><td>£'000</td></tr><tr><td>£'000 Medical & Dental</td><td>152,175</td><td>144,357</td><td>(7,819)</td><td></td></tr><tr><td>1,419 (9,238) Additional Clinical Services</td><td></td><td>71,595</td><td>69,187</td><td></td></tr><tr><td>(2,409) (884) (1,525)</td><td></td><td></td><td></td><td></td></tr><tr><td>Allied Health Professionals</td><td>32,352</td><td>31,219</td><td>(1,133)</td><td>737</td></tr><tr><td>(1,870)</td><td></td><td></td><td></td><td></td></tr></table>		Month 7	Month 6			Movement Split						Forecast year-end	Forecast year-end	Movement	C-19	Operational						Position	Position				£'000	£'000	£'000	£'000	£'000 Medical & Dental	152,175	144,357	(7,819)		1,419 (9,238) Additional Clinical Services		71,595	69,187		(2,409) (884) (1,525)					Allied Health Professionals	32,352	31,219	(1,133)	737	(1,870)					<p>The Forecasts are constantly being reviewed to reflect availability of staff groups and alternative professions to support the demands upon the service.</p> <p>The M7 position reflected the Q3/Q4 plans that had been submitted.</p> <p>The forecast have been further reviewed in M8.</p>
	Month 7	Month 6																																																							
Movement Split																																																									
	Forecast year-end	Forecast year-end	Movement	C-19																																																					
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(1,870)																																																									
5.7	As requested at Months 5 & 6, please expand your ‘agency’ narrative section to discuss the reasons for the reliance on agency staff (currently and in the future).	The Agency expenditure has remained relatively static for the year, with little change. We are not expecting material changes in future periods.																																																							
7.9	<p>Covid-19 Analysis (Table B3)</p> <ul style="list-style-type: none">Please review and provide explanations for below listed Covid-19 funding items being different values (highlighted in bold) to the corresponding spend amounts reported via Table B3 or your TTP return: <table><tr><td>Funding item</td><td>Amount - £000</td><td>Query</td></tr><tr><td>COVID-Field Hospitals inc Decommissioning</td><td>2,850</td><td>Set up Cost Total £5.0m in Table B3 plus Decommissioning of £0.395m less amount funded to date of £2.987m = £2.408m. After confirmation that the project management fees are recorded within Pay on B3, this increases the</td></tr></table>	Funding item	Amount - £000	Query	COVID-Field Hospitals inc Decommissioning	2,850	Set up Cost Total £5.0m in Table B3 plus Decommissioning of £0.395m less amount funded to date of £2.987m = £2.408m. After confirmation that the project management fees are recorded within Pay on B3, this increases the	<p>Field Hospitals @ M7:</p> <p>FH Returns identified setup costs of £5.432m with £0.395m as decommissioning, giving a plan of £5.847m less Allocation of £2.987</p>																																																	
Funding item	Amount - £000	Query																																																							
COVID-Field Hospitals inc Decommissioning	2,850	Set up Cost Total £5.0m in Table B3 plus Decommissioning of £0.395m less amount funded to date of £2.987m = £2.408m. After confirmation that the project management fees are recorded within Pay on B3, this increases the																																																							

	<p>value to £2.608m. This results in a variance compared to anticipated income of £0.242m. It would appear that there are costs in the FH Template that are not included on B3, but these are forming part of the anticipated income value. It would be helpful if the Anticipated Income was also split between Set Up Costs and Decommissioning (currently it is combined)</p> <table> <tr> <td>COVID-TTP Testing only</td><td>4,978</td><td>Testing costs Total £4.997m = £0.019m difference to anticipated income value.</td></tr> <tr> <td>COVID-TTP Tracing only</td><td>2,522</td><td>Tracing costs Total £4.355m less funding received to date £1.833m = £2.522m. Information has been provided to support the above working as TTP funding is forecast by area. Please separately identify the Tracing and Testing income items in Table E.</td></tr> <tr> <td>COVID-PPE</td><td>1,790</td><td>Total costs in B3 = £3.695m, less funded to date £1.010m = £2.685m (Difference £0.895m in anticipated income value)</td></tr> </table>	COVID-TTP Testing only	4,978	Testing costs Total £4.997m = £0.019m difference to anticipated income value.	COVID-TTP Tracing only	2,522	Tracing costs Total £4.355m less funding received to date £1.833m = £2.522m. Information has been provided to support the above working as TTP funding is forecast by area. Please separately identify the Tracing and Testing income items in Table E.	COVID-PPE	1,790	Total costs in B3 = £3.695m, less funded to date £1.010m = £2.685m (Difference £0.895m in anticipated income value)	<p>equals £2.860m anticipated RRL was £2.850m</p> <p>TTP:</p> <p>TTP templates identified a total forecast expenditure of £9.352m less allocation of £1.833m equals £7.519m. Anticipated RRL was £7.5m at M7.</p> <p>PPE:</p> <p>We are currently reviewing our PPE reporting, the M7 position of £2.797m reflected an internal position pending confirmation of the £3.7m reported by departments. This will be updated in M9.</p>
COVID-TTP Testing only	4,978	Testing costs Total £4.997m = £0.019m difference to anticipated income value.									
COVID-TTP Tracing only	2,522	Tracing costs Total £4.355m less funding received to date £1.833m = £2.522m. Information has been provided to support the above working as TTP funding is forecast by area. Please separately identify the Tracing and Testing income items in Table E.									
COVID-PPE	1,790	Total costs in B3 = £3.695m, less funded to date £1.010m = £2.685m (Difference £0.895m in anticipated income value)									
5.8	Please ensure that the expenditure profile reported on Line 66 (currently £2.404m) agrees to the total Testing (Antigen line 25 plus Antibody line 22) Non Pay (only) expenditure profiles, reported within the TTP Template submission (currently £1.110m).	Our internal reporting currently captures the Antigen and Antibody by pay & non pay. We will look to amend for M9.									
7.10	Please provide a supporting explanation for the Nursing and Midwifery Agency spend at Month 7 being c. £1.300m higher than forecast last month.	The M7 figure reflects a review of pay costs and correction of categorisation.									
7.11	Please provide an explanation for the £2.500m increase (corresponding funding also anticipated) in projected annual CHC spend.	This was an initial estimate of the Q3 & Q4 impact of support payments. This has been reviewed for M8.									
7.12	I note that Bridgend Field Hospital projected annual spend has reduced by c. £2.400m since Month 6, which was based on the assumed opening and staffing of 125 beds. Please confirm in your narrative the latest assumptions which support the revised Month 7 expenditure value.	The M7 position reflected reduced bed numbers following the first month of operation.									

7.13	For completeness, please clarify in your narrative how the estimated costs of the Whole Community Testing in Merthyr (which do not form part of your submission) are being funded.	We are still awaiting further information, see narrative.
5.9	As requested within Action Point 5.9, please confirm each month which lines within Section A that the Mass Covid Vaccination Programme (Line 107) and Extended Flu Programme (Line 108) costs are being reported.	Mass COVID vaccination is currently reported against line 46. Flu vaccine is currently reported against line 59.
7.14	Tracker (Table C3) The monthly savings delivery is forecast to continue to increase in the coming months; however, I also note that 26% of your savings remain classified as Amber. I trust these will be finalised shortly to ensure they can be classified as Green and thereby reducing any risk of non delivery.	Noted.
6.14	Monthly Cash Flow (Table G) Your narrative and cash flow is projecting a year end material cash surplus of c. £11.700m, this is based on the receipt of WRP cash of £12.300m and retaining a £0.4m opening cash balance, offset by a capital working balances requirement of £1.000m. There is an expectation that the Health Board will not hold such a high cash balance at year end. In order to support the current cash forecast, please clarify the following: 1) Narrative confirms that revenue working balances cash support is not required, please clarify how the reduced revenue payables of £10.1m (as reported in Table F) is being managed as the WRP cash receipts which were covering this cash movement at Month 6 are now c.£10.000m lower. 2) In response to Action Point 6.14 (Point 4), you advise that Accountancy Gains has no impact on the reported cash position. Clearly, Accountancy Gains produce a	The profile of the WRP receipts has a significant impact on the forecast closing cash balance. We are working closely with the WRP to estimate the potential timing of these receipts. Revenue payables had been incorrectly adjusted. This has been corrected in month 8.

	<p>'Resource Only' benefit; therefore it is not clear how you are managing the cash implications of the expenditure that the Accountancy Gains are mitigating. Based on your explanation that the movement in Revenue payables primarily relates to 'write offs', it is assumed that these are your Accountancy Gains. Please clarify this position at Month 8, particularly with the value of Accountancy Gains due to increase significantly above the £4.300m currently reported in the Tables and explain how the cash related to the expenditure, is being funded.</p>	<p>We can confirm that the accountancy gains have no impact upon the reported cashflow.</p> <p>Note comment in narrative section 9 on potential PYA impact.</p>
6.16	<p>Underlying Position (Table A1) Please enhance the underlying position section of your narrative by discussing the reasons for monthly movements to the projected c/f underlying position rather than just quantifying the movements in a Table.</p>	Please see Section 1 for narrative on the forecast recurrent position.
6.17	<p>Overview of Key Risks and Opportunities (Table A2) Please ensure that risks and opportunities are individually reported in Table A2 and not consolidated within a net risk or opportunity (i.e. £3.000m Q3/Q4 Plan Slippage).</p> <p>In addition, please ensure that the risks and opportunities reported in the narrative are consistent to those in Table A2 and the descriptions reported in Table A2 clearly support their opportunity /risk classification (i.e. 'Potential Variation <i>opportunity</i> on pass through costs match funding' is reported as a risk).</p>	<p>A consolidated risk has been included in M8, see narrative section 2. Further detail will be provided in M9.</p> <p>Noted.</p>
7.15	<p>Monthly Positions (Table B) As referenced in your narrative, please ensure that any revisions to DEL and AME non cash charges are reflected in the Tables (Table B and E) and explained within your supplementary narrative.</p>	Noted
4.4	<p>Covid-19 Analysis (Table B3) As agreed within your response to Action Point 4.4, please ensure the WTE and Bed numbers sections of the Table are fully populated with feasible profiles at Month 8.</p>	Noted.
7.16	<p>Resource Limits (Table E) Within Table E, please ensure a WG contact is reported against each individual anticipated income item.</p>	Noted
7.17	Capital Disposals (Table K)	Noted and updated

	In order to rectify the current validation error, please enter values as whole numbers within Table K.	
7.18	Other In future months, please ensure that you comply with the 5pm deadline for the submission of your full monitoring return.	Noted